



ARIZONA CORPORATION COMMISSION

COMMISSION NEWS

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Enforcement Efforts to be Enhanced. Arizona Corporation Commission Securities Division To Promote Investor Education During National Savings & Investing Week

The Arizona Corporation Commission Securities Division is opening a new front to combat investment fraud in Arizona. It has launched a vigorous attack on financial illiteracy.

During 1998 and 1999, the Securities Division handled 294 investigations involving violations of licensing and anti-fraud statutes. The Commission issued 51 Cease and Desist orders, ordered over \$28 million in restitution to victims and sought penalties totaling \$1,346,700. In coordination with the Attorney General's office, the Division commenced 4 civil proceedings and obtained 17 criminal indictments involving 39 defendants. Twenty-three criminal convictions during that period were obtained in matters generated by Division enforcement actions. Those statistics scream out that more is needed to protect Arizona's investing public. Over the week of April 25 through May 1, the Arizona Corporation Commission Securities Division is responding to that need by encouraging Arizonans of all ages and incomes to "get the facts" they need to responsibly save and invest and avoid financial

fraud. The Securities Division's efforts are in conjunction with the *Facts of Saving and Investing Campaign Week*, which is being recognized in more than 20 countries with more than 40 state securities agencies participating. "America is in the midst of a financial literacy crisis," says Commissioner Tony West, who was Arizona's top financial officer as State Treasurer for eight years. "While individuals are increasingly responsible for their own financial security, millions lack the basic information they need to save and invest wisely." Securities Division Director Mark Sendrow observed, "This campaign and our Financial Literacy 2001 school program are effective ways to combat financial illiteracy by getting the word out about the wealth of free investor education information that is available for Arizona investors to help themselves."

As part of the campaign effort, the Securities Division is making free copies of the "Ballpark Estimate," – an easy tool for calculating the amount you need to save for your anticipated retirement needs – available to Arizona investors through 79 public library branches statewide, including Maricopa County Libraries, Tucson-Pima Library System, Flagstaff Public Library, Yuma District Library, Mohave County Library, and Yavapai County Library System. In addition, the Division continues to sponsor and promote the Financial Literacy 2001 Program in Arizona schools. "FL 2001" aims to place a turn-key financial training curriculum in the hands of hundreds of Arizona high school teachers. The distribution has begun and workshops are planned in the fall and spring in partnership with the Arizona Council on Economic Education, the Division's partner in the highly successful Stock Market Game.

Speakers from the Securities Division have been making presentations to clubs, associations and schools over the last year. During this campaign week alone, they will be making presentations to hundreds of high school students around the state as they launch a program to reach thousands of students over the next two years. Speakers will describe to students how the Securities Division works to protect investors through the licensing of securities firms and salespersons, as well as the

registration of securities offered for sale in Arizona. Investor education information will be provided to the students to review with their parents, which will include information for protecting oneself against securities-related fraud.

Results of a survey just released by the American Savings Education Council show that 94% of students say they are likely to use their parents as a financial information resource. Unfortunately, many parents are not equipped to provide guidance in this area. Financial Literacy 2001 will place the tools to instruct students in schools statewide and copies have also been provided to the libraries.

Securities Division speakers will also be distributing a quick investment quiz for the students, which contains simple, sometimes amusing, questions to determine how much the students know about saving and investing. Some of the questions, following the format used by Jay Leno on the Tonight Show eliciting amusing answers from passers-by, are designed to be “fun” questions. For example, one question asks where the NASDAQ stock market is located and provides an alternative answer, “Nasdaq, Pennsylvania.” Another similar “fun” question is “Can a day trader trade at night?” While the questions asked and the responses that may be received are intended to be funny, the purpose of this event is very serious. “We want to get young people to start to think about their financial futures and learn the facts they will need to do so” says Commissioner Carl Kunasek. The light-hearted nature of the questions is not to embarrass anyone, but simply to focus attention on the lack of knowledge that exists in this area and to attempt to start a dialogue about it in the schools.

The Securities Division is responsible for protecting investors from unfair and fraudulent practices in the securities industry, while at the same time promoting an honest and fair securities market in Arizona where individuals and businesses can raise capital and investors can expect a fair return on their investment. “Investor education is a critical component to securities regulation and oversight,” says Commission Chairman Jim Irvin. “If we can thoughtfully and effectively educate the

investing public *before* losses occur, everyone reaps the benefits and rewards.”

Investors are encouraged to call the Securities Division at (602) 542-4242 for the free investor education materials available throughout the year. In addition, the Division maintains a helpful investor education website at www.ccsd.cc.state.az.us.